

Finance

MISSION STATEMENT

The mission of the Department of Finance is to prudently manage financial operations, recommend and implement sound fiscal policies, safeguard public assets, and encourage a safe environment on public property.

BUDGET OVERVIEW

The total recommended FY05 Operating Budget for the Department of Finance is \$41,844,180, an increase of \$2,886,060 or 7.4 percent from the FY04 Approved Budget of \$38,958,120. Personnel Costs comprise 23.5 percent of the budget for 106 full-time positions and two part-time positions for 115.0 workyears. Operating Expenses account for the remaining 76.5 percent of the FY05 budget.

Not included in the above recommendation for the General Fund is a total of \$664,910 and 6.9 workyears that are charged to: Community Use of Public Facilities (\$3,170, 0.1 WY); Self Insurance Internal Service Fund (\$99,010, 1.0 WY); Human Resources, Employee Retirement System (\$83,400, 0.8 WY); Human Resources, Retirement Savings Plan (\$10,430, 0.1 WY); BIT 457 Deferred Comp. Plan (\$10,430, 0.1 WY); Bethesda Parking District (\$59,100, 0.9 WY); Montgomery Hills Parking District (\$4,290, 0.1 WY); Silver Spring Parking District (\$34,090, 0.5 WY); Wheaton Parking District (\$10,710, 0.2 WY); Public Works and Transportation, Printing and Mail Internal Service Fund (\$4,310, 0.1 WY); Solid Waste Collection (\$28,520, 0.3 WY); Solid Waste Disposal (\$290,060, 2.5 WYs); and Vacuum Leaf Collection (\$27,390, 0.2 WY). The funding and workyears for these items are included in the receiving departments' budgets.

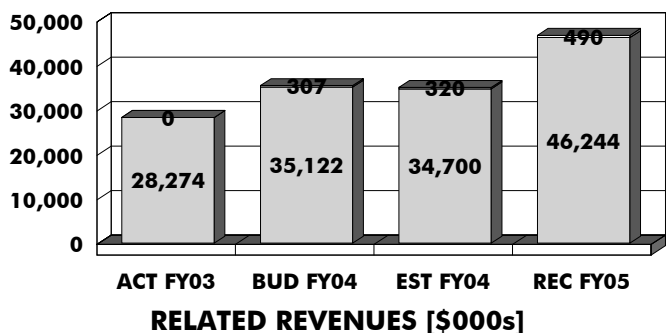
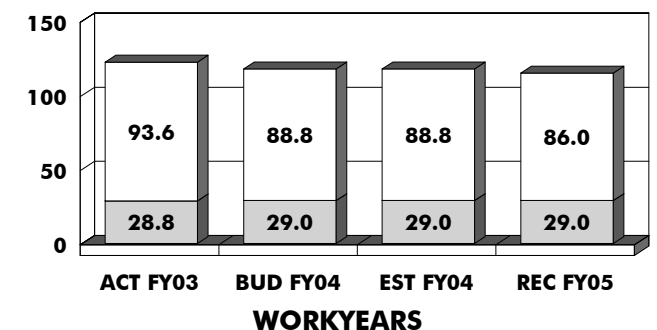
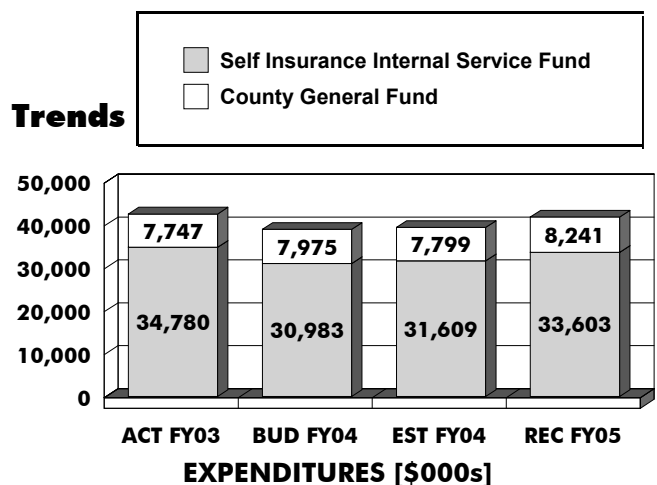
The Finance Operating Budget is composed of a General Fund component (the Director's Office and the Divisions of Treasury and Controller) and the Risk Management Division, which is funded by the Liability and Property Coverage Self-Insurance Fund. The total FY05 Operating Budget for the General Fund component is \$8,240,710, an increase of \$265,990 or a three percent from the FY04 approved budget of \$7,974,920. Personnel Costs comprise 87.2 percent of the General Fund budget for 95 full-time and 2 part-time positions for 86.0 workyears. Operating Expenses account for the remaining 12.8 percent of the budget.

The total FY05 Operating Budget for the Self-Insurance Fund component of Finance (Risk Management) is \$33,603,470, an increase of \$2,620,270 or 8.5 percent from the FY04 approved budget of \$30,983,200. Personnel Costs comprise 7.8 percent of the Self-Insurance Fund budget for 11 full-time positions for 29.0 workyears. Operating Expenses account for the remaining 92.1 percent of the budget. Included in the total workyears are 17.0 workyears charged to the Self-Insurance Fund by the Office of the County Attorney and 1.0 workyear charged by the General Fund component of Finance (Controller Division) for

Program Summary

	Expenditures	WYs
Debt and Cash Management	514,030	4.8
Information Technology	1,025,670	6.6
Internal Audit	576,240	3.8
Accounts Payable	379,730	6.7
General Accounting	1,501,640	17.1
Payroll	451,220	6.6
Property Taxes	704,220	11.3
Transfer and Recordation Tax/Public Advocate	1,084,220	14.6
Treasury Operations	221,400	4.0
Insurance	31,089,040	4.0
Occupational Safety and Health	525,160	5.0
Legal Services	1,608,720	17.0
Operations and Administration	2,162,890	13.5
Totals	41,844,180	115.0

Trends



services provided in support of Risk Management.

PROGRAM CONTACTS

Contact Nancy Moseley of the Department of Finance at 240.777.8886 or Philip Weeda of the Office of Management and Budget at 240.777.2780 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Debt and Cash Management

This program provides support for effective debt and cash management with the goal of maintaining the County's AAA General Obligation Bond debt rating, and the active investment of the County's working capital to generate investment income. The program's objectives include managing the timely and economic issuance of short- and long-term financial obligations; developing and maintaining strong rating agency and investor relations; preparing accurate and timely financing documents, including the County's Annual Information Statement; ensuring strict compliance with disclosure requirements; coordinating bond counsel review; providing high-quality consulting services for County agencies, managers, staff, elected officials, the press, and citizens on issues related to debt and investment management, and management of the County's relationship with the banking community.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	497,980	4.8
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	16,050	0.0
FY05 CE Recommended	514,030	4.8

Information Technology

This program provides overall direction for the development of automated systems and technology to support effective and efficient achievement of the Department's mission. Activities are proactively coordinated with the Department of Technology Services, other County departments, and department staff to ensure consistency of department systems with Countywide automation policies and standards. The program oversees development, selection, procurement, implementation, and maintenance of the Finance Department's automated systems and components. This program is also responsible for managing data integrity, security, and controls within the County's financial and procurement systems, including timely and comprehensive completion of financial systems upgrades, effective education of County financial systems users, timely response to customer questions, proactive trouble shooting and system maintenance, and the timely and accurate provision of internal financial reports.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	801,320	6.4
Increase Cost: Annualization of e-time reporting	148,960	0.0

Increase Cost: Annualization of lapsed positions in FY04	13,920	0.2
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	61,470	0.0
FY05 CE Recommended	1,025,670	6.6

Internal Audit

This program provides accurate, independent, and useful information through audit services to assist Executive Branch managers in the effective discharge of their responsibilities. Internal Audit is mandated by County Charter, Article 2, Executive Branch Section 218. The program provides identification of areas of risk in accountability systems; conducts fiscal, contract, performance, and information systems audits for financial compliance, economy, efficiency, and effectiveness; oversees investigative audits and audits required by law; provides advice to departments on internal control issues; and communicates the actions necessary for enhancing accountability.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	514,110	3.8
Add: Government accountability/compliance initiative	40,000	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	22,130	0.0
FY05 CE Recommended	576,240	3.8

Accounts Payable

This program is responsible for timely and accurate payments to vendors for goods and services provided to the County; for complying with County policies and procedures; and carrying out State and Federal reporting requirements. Payments to vendors are initiated and approved by individual departments. The Accounts Payable program is responsible for review and final approval of payments of \$5,000 or more, as well as most refunds and other non-expenditure disbursements. Payments under \$5,000 are individually reviewed and approved by operating departments and potentially subject to post-payment audit by Accounts Payable. The Accounts Payable program is also responsible for administration of the County's Purchasing Card Program which incorporates both purchasing and travel related expenditures.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	390,850	6.7
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	-11,120	0.0
FY05 CE Recommended	379,730	6.7

General Accounting

This program is responsible for the analysis, interpretation, and presentation of the County's financial position and results of operations through timely, accurate, and professional financial reports. These reports provide public assurance as to the accountability and integrity of the use of County resources; adherence to budgetary policies established by management; and compliance with Federal, State, and County mandates. The program prepares the Comprehensive Annual Financial Report, Debt Service Booklet, Single Audit Report of Federal Grant Programs, and State Uniform Financial Report, as well as numerous other standardized and specialized reports. This program also provides high quality, timely service to County departments through technical assistance and through preparation, review, and approval of County financial transactions.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	1,402,560	17.1
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	99,080	0.0
FY05 CE Recommended	1,501,640	17.1

Payroll

This program is responsible for managing and maintaining the County's payroll system and functions as prescribed by Federal, State, and County laws, and local regulations. The program provides timely and accurate payroll disbursements to County employees, accounts for payroll deductions, issues W-2 statements to account for pre-tax and post-tax benefits, maintains official payroll and leave records, and responds to internal and external inquiries. The program proactively operates in conjunction with other County departments to maintain the Human Resources Management System and to develop efficient and effective improvements to this system.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	386,810	6.6
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	64,410	0.0
FY05 CE Recommended	451,220	6.6

Property Taxes

This program is responsible for collection of property taxes, which are the County's largest revenue source. The program provides accurate calculation and timely distribution of tax bills, accounting and distribution of tax collections to municipalities, and timely collection of delinquent accounts through the tax lien sale process. This program manages numerous tax credit, deferral, and assistance programs. The public tax information portion of the property tax provides accurate and timely tax and account information to attorneys, title companies, and the public for preparation of property settlements and other uses.

Finance

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	903,530	14.2
Reduce: Principal Administrative Aide position	-38,070	-0.9
Decrease Cost: Chargeback Solid Waste Services for billing and collection of fees	-189,300	-2.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	28,060	0.0
FY05 CE Recommended	704,220	11.3

Transfer and Recordation Tax/Public Advocate

The primary responsibility of this program is the timely and accurate processing and collection of the transfer and recordation taxes associated with Real Property transfers and Recordation of Instruments of Writing. The Public Advocate for Assessments and Taxation provides an independent review of State-determined property tax assessment valuations for fairness and accuracy.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	1,012,950	14.6
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	71,270	0.0
FY05 CE Recommended	1,084,220	14.6

Treasury Operations

This program is responsible for providing coordination and oversight of treasury operations, and customer services through the cashiering function. It is also responsible for accurate revenue and economic forecasting, and publishing reports on economic and revenue analyses on a monthly and quarterly basis for dissemination to the County Council and public. The program is also responsible for the accurate recordation and processing of all excise taxes. In addition, Treasury Operations administers the County's Working Families Income Supplement program.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	239,760	4.1
Decrease Cost: Chargeback Parking Districts for billing and collection of taxes	-4,770	-0.1
Decrease Cost: Chargeback Solid Waste Services for billing and collection of fees	-47,330	-0.5
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	33,740	0.5
FY05 CE Recommended	221,400	4.0

Insurance

County Code 20-37 established the Montgomery County Self-Insurance Program. The program provides comprehensive

property and casualty insurance for the County and participating agencies. The program is funded through contributions from the agencies, which are based upon an annual actuarial analysis of outstanding and projected future claims filed against the participants. The program provides accurate and timely insurance and risk management advice to participating agencies and reduces County and participating agency exposure to risk by: comparing the cost of commercially-available coverage to evaluate the best method of funding exposure to loss; transferring contractual risk under indemnification/hold harmless agreements; avoiding risk; operating proactive safety programs; and purchasing commercial insurance.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	28,589,950	4.0
Increase Cost: Annualization of FY04 operating expenses	2,483,170	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	15,920	0.0
FY05 CE Recommended	31,089,040	4.0

Occupational Safety and Health

This program coordinates reporting to Federal and State regulatory agencies on health and safety issues. The State-required injury reports and the mandated safety training and record keeping are completed on schedule. The program responds promptly to inspections and queries from the Maryland Occupational Safety and Health Administration. Accident prevention programs are conducted, and training is provided continuously in loss prevention and loss control to promote a safe and healthy work environment for County employees.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	511,380	5.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	13,780	0.0
FY05 CE Recommended	525,160	5.0

Legal Services

This program funds activities of the Office of the County Attorney, which provides legal services including investigation, negotiation, and litigation on behalf of the County and agencies that participate in the Self-Insurance Program.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	1,514,680	17.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	94,040	0.0
FY05 CE Recommended	1,608,720	17.0

Operations and Administration

This program includes operational support for the department as well as the administrative portions of the Director's Office, the Division of the Controller, the Treasury Division, and the Division of Risk Management. The program provides support for efficient, effective, and timely accomplishment of the department's mission, including budget development and oversight, personnel administration, strategic planning, and contract administration. The program also provides effective management of the financial aspects of economic development initiatives; proactive development of intergovernmental policy alternatives and impacts; and high quality consulting services for County agencies, managers, staff, elected officials, the press, and citizens.

FY05 Recommended Changes

	Expenditures	WYs
FY04 Approved	2,192,240	13.5
Eliminate: Printing and mailing of tax bills to customers who have an escrow account with a mortgage company	-61,930	0.0
Decrease Cost: Chargeback Solid Waste for billing and collection of fees	-71,080	0.0
Decrease Cost: Chargeback Parking Districts for billing and collection of taxes	-1,440	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, and changes due to staff turnover	105,100	0.0
FY05 CE Recommended	2,162,890	13.5

BUDGET SUMMARY

	Actual FY03	Budget FY04	Estimated FY04	Recommended FY05	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	5,315,549	5,453,580	5,216,920	5,521,030	1.2%
Employee Benefits	1,456,199	1,561,430	1,559,010	1,660,900	6.4%
County General Fund Personnel Costs	6,771,748	7,015,010	6,775,930	7,181,930	2.4%
Operating Expenses	975,155	959,910	1,022,980	1,058,780	10.3%
Debt Service Other	2,200	0	0	0	—
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	7,749,103	7,974,920	7,798,910	8,240,710	3.3%
PERSONNEL					
Full-Time	105	96	96	95	-1.0%
Part-Time	2	2	2	2	—
Workyears	93.6	88.8	88.8	86.0	-3.2%
REVENUES					
Tax Sale Costs	-232,370	0	0	0	—
Development District Fees	36,020	62,300	62,300	127,960	105.4%
Procurement Card Rebate	0	26,700	9,700	7,030	-73.7%
WSSC Reimb.: Benefit Charge on Tax Bill	65,000	65,000	65,000	97,830	50.5%
Billing to Municipalities	0	0	0	56,700	—
Dishonored Check Fee	64,934	35,000	35,000	35,000	—
Tax Certification Fee	4,978	5,600	5,600	5,600	—
Tax Sale Fee	0	20,000	37,500	37,500	87.5%
Child Support Payment Fees	18,053	16,500	17,700	17,700	7.3%
Conduit Bond Fees	43,600	75,660	87,160	105,160	39.0%
County General Fund Revenues	215	306,760	319,960	490,480	59.9%
SELF INSURANCE INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	1,965,466	1,897,192	1,916,200	2,033,590	7.2%
Employee Benefits	498,721	632,398	607,390	625,450	-1.1%
Self Insurance Internal Service Fund Personnel Costs	2,464,187	2,529,590	2,523,590	2,659,040	5.1%
Operating Expenses	32,315,780	28,453,610	29,085,790	30,944,430	8.8%
Capital Outlay	0	0	0	0	—
Self Insurance Internal Service Fund Expenditures	34,779,967	30,983,200	31,609,380	33,603,470	8.5%
PERSONNEL					
Full-Time	11	11	11	11	—
Part-Time	0	0	0	0	—
Workyears	28.8	29.0	29.0	29.0	—
REVENUES					
Montgomery County (Special, Entpr. & Int. Serv.)	2,761,600	4,026,890	4,026,890	5,662,900	40.6%
Montgomery County General Fund NDA	6,709,000	8,706,400	8,706,400	11,488,680	32.0%
Fire and Rescue Services	4,794,490	6,232,820	6,232,820	9,146,180	46.7%
Board of Education	9,323,300	10,521,320	10,521,320	13,589,130	29.2%
Montgomery College	239,900	294,720	294,720	400,430	35.9%
M-NCPPC	865,300	909,390	909,390	880,870	-3.1%
Housing Opportunities Commission	234,220	556,370	556,370	757,180	36.1%
Revenue Authority	111,200	193,980	193,980	225,700	16.4%
City of Gaithersburg	234,130	178,940	178,940	263,920	47.5%
City of Rockville	859,350	966,880	966,880	1,183,090	22.4%
Takoma Park	133,333	400,000	400,000	356,610	-10.8%
Housing Authority-City of Rockville	5,200	21,090	21,090	30,750	45.8%
Other Municipal Income	21,250	52,550	52,550	63,590	21.0%
Other - Recovered Losses	1,066,243	650,390	650,390	669,500	2.9%
Investment Income	907,687	1,410,000	988,140	1,525,000	8.2%
Miscellaneous	7,394	0	0	0	—
Self Insurance Internal Service Fund Revenues	28,273,597	35,121,740	34,699,880	46,243,530	31.7%
DEPARTMENT TOTALS					
Total Expenditures	42,529,070	38,958,120	39,408,290	41,844,180	7.4%
Total Full-Time Positions	116	107	107	106	-0.9%
Total Part-Time Positions	2	2	2	2	—

	Actual FY03	Budget FY04	Estimated FY04	Recommended FY05	% Chg Bud/Rec
Total Workyears	122.4	117.8	117.8	115.0	-2.4%
Total Revenues	28,273,812	35,428,500	35,019,840	46,734,010	31.9%

FUTURE FISCAL IMPACTS

Title	CE REC. FY05	FY06	FY07	(FY08)	(FY09)	(FY10)
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY05 Recommended	8,241	8,241	8,241	8,241	8,241	8,241
No inflation or compensation change is included in outyear projections.						
Electronic Timesheet	0	-100	-101	-146	-192	-192
Assumes purchase of entire system over three years.						
Labor Contracts	0	313	652	712	712	712
These figures represent the annualization of FY05 increments, general wage adjustments, and associated benefits. Estimated compensation (e.g., general wage adjustment and service increments) for personnel are included for FY06 and beyond.						
Subtotal Expenditures	8,241	8,454	8,791	8,807	8,761	8,761
SELF INSURANCE INTERNAL SERVICE FUND						
Expenditures						
FY05 Recommended	33,603	33,603	33,603	33,603	33,603	33,603
No inflation or compensation change is included in outyear projections.						
Claims Audit	0	-40	0	-40	0	-40
Audit will consist of a review of several hundred files to verify that claims are being handled appropriately within industry standards and in compliance with the contract.						
Labor Contracts	0	155	322	352	352	352
These figures represent the annualization of FY05 increments, general wage adjustments, and associated benefits. Estimated compensation (e.g., general wage adjustment and service increments) for personnel are included for FY06 and beyond.						
Subtotal Expenditures	33,603	33,718	33,926	33,916	33,956	33,916

FY05-10 PUBLIC SERVICES PROGRAM: FISCAL PLAN				RISK MANAGEMENT			
FISCAL PROJECTIONS	FY04 ESTIMATE	FY05 REC	FY06 PROJECTION	FY07 PROJECTION	FY08 PROJECTION	FY09 PROJECTION	FY10 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	13.15%	14.32%	14.32%	14.32%	14.32%	14.32%	14.32%
CPI (Fiscal Year)	2.7%	2.4%	2.3%	2.4%	2.5%	2.4%	2.3%
Change in Contribution Levels (to maintain \$8.2M fund balance)	0	0	-0.203	-0.036	0.042	0.041	0.05
BEGINNING FUND BALANCE	(10,033,900)	(6,943,390)	5,696,670	8,217,890	8,161,690	8,170,380	8,195,180
REVENUES							
Charges For Services	1,581,950	1,876,120	1,495,270	1,441,440	1,502,000	1,563,580	1,641,760
Miscellaneous	1,658,030	2,194,500	2,897,550	3,638,900	4,369,870	5,081,210	5,518,300
Subtotal Revenues	3,239,980	4,070,620	4,392,820	5,080,340	5,871,870	6,644,790	7,160,060
INTERFUND TRANSFERS (Net Non-CIP)	31,459,910	42,172,910	33,611,800	32,401,770	33,762,650	35,146,940	36,904,300
Transfers From The General Fund	17,158,670	23,831,470	18,993,680	18,309,910	19,078,930	19,861,180	20,854,240
Transfers From Special Fds: Non-Tax + ISF	14,301,240	18,341,440	14,618,120	14,091,860	14,683,720	15,285,760	16,050,060
MCG Enterprise Fund Transfers	1,807,440	2,466,290	1,965,630	1,894,870	1,974,450	2,055,410	2,158,190
Outside Agency Transfers	12,493,800	15,875,150	12,652,490	12,196,990	12,709,270	13,230,350	13,891,870
TOTAL RESOURCES	24,665,990	39,300,140	43,701,290	45,700,000	47,796,210	49,962,110	52,259,540
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(31,609,380)	(33,603,470)	(35,328,690)	(37,189,120)	(39,273,580)	(41,414,680)	(43,721,859)
Labor Agreement	n/a	0	(154,710)	(349,190)	(352,250)	(352,250)	(352,250)
Subtotal PSP Oper Budget Approp / Exp's	(31,609,380)	(33,603,470)	(35,483,400)	(37,538,310)	(39,625,830)	(41,766,930)	(44,074,109)
TOTAL USE OF RESOURCES	(31,609,380)	(33,603,470)	(35,483,400)	(37,538,310)	(39,625,830)	(41,766,930)	(44,074,109)
YEAR END FUND BALANCE	(6,943,390)	5,696,670	8,217,890	8,161,690	8,170,380	8,195,180	8,185,431
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	-28.1%	14.5%	18.8%	17.9%	17.1%	16.4%	15.7%
Assumptions: 1. Risk Management contributions for this fund are adjusted as necessary to reflect County fiscal policy of maintaining a retained earnings balance of approximately \$8.2 million. This balance yields a confidence level of 85 percent that funding will be sufficient to cover all incurred liabilities. 2. Risk Management contributions to the Self-Insurance Fund are made annually based on actuarial analysis and evaluation of prior claims expenses.							

DEPARTMENT OF FINANCE

Departmental Program Structure and Outcome Measures

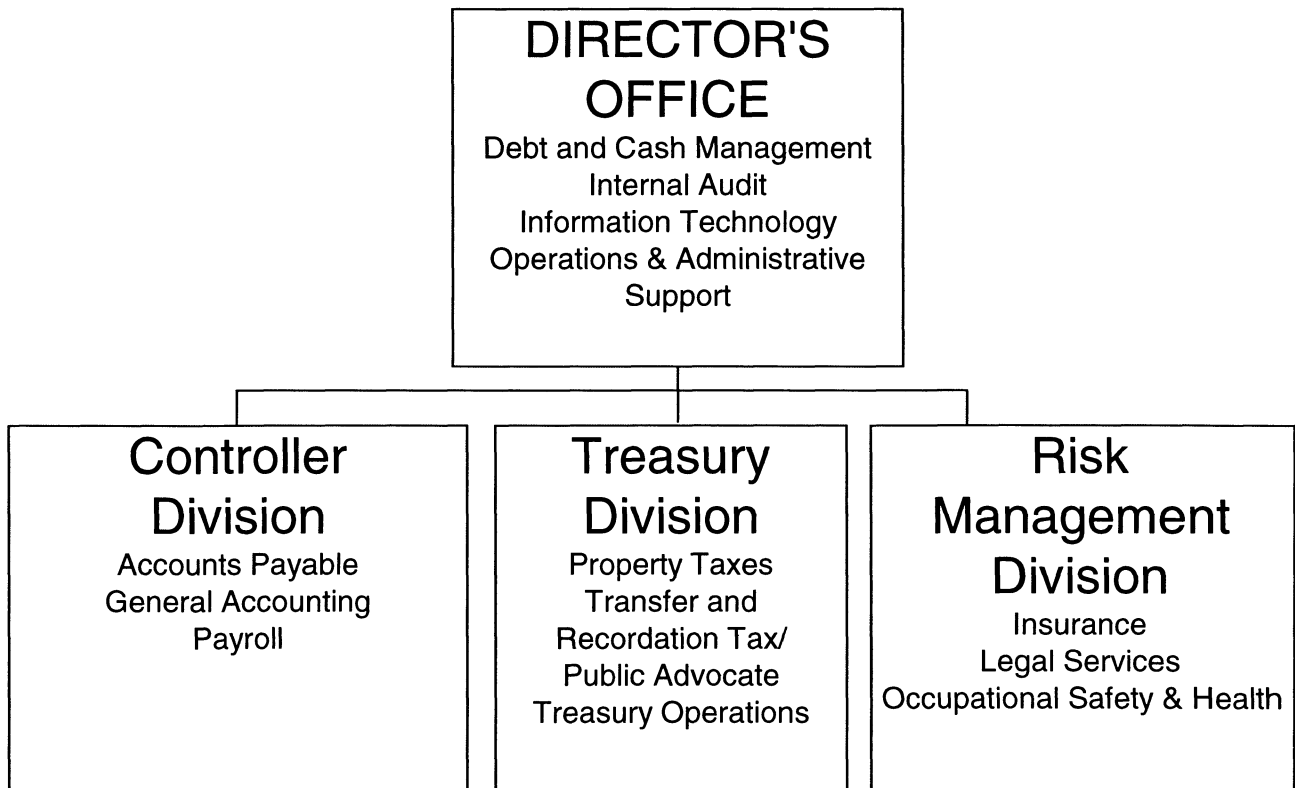
Mission

To prudently manage financial operations, recommend and implement sound fiscal policies, safeguard public assets, and encourage a safe environment on public property.

Guiding Principles

The Department accomplishes its mission and achieves its vision by adopting the County's Vision Statement and Guiding Principles as its own and by:

- Adhering to the highest professional standards
- Promoting employee growth and development
- Being timely
- Providing thorough, accurate, objective analysis
- Being proactive
- Practicing organization loyalty



DEPARTMENTAL OUTCOMES	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY05 CE REC
Bond rating by three rating agencies ^a	AAA	AAA	AAA	AAA	AAA
Certificate of Achievement for Excellence in Financial Reporting ^b	Yes	Yes	b	b	b

Notes:

^aAAA bond rating from Standard and Poor's and Fitch, Inc.; Aaa from Moody's Investor Service, Inc.

^bContinuing practices are necessary to qualify for the Government Finance Officers Association (GFOA) Certificate of Achievement. Montgomery County has been awarded this certificate 33 times, more than any other county.

FINANCE

PROGRAM:

Debt and Cash Management

PROGRAM ELEMENT:
PROGRAM MISSION:

To maintain the County's AAA General Obligation Bond debt rating by managing timely short- and long-term debt issues and managing the County's working capital investment portfolio within its approved investment policy; developing and maintaining strong agency and banking/ investor relations; preparing accurate and timely financing documents, including the County's Annual Information Statement; ensuring strict compliance with disclosure requirements; coordinating bond counsel review; and providing high-quality consulting services for County agencies, managers, staff, elected officials, the press, and citizens on issues related to debt and cash management

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY05 CE REC
Outcomes/Results:					
Bond rating by three rating agencies ^a	AAA	AAA	AAA	AAA	AAA
Average rate of return on County investments (%)	6.2	2.6	1.6	2.25	2.3
Difference between the County's rate of return and the industry benchmark (basis points) ^b	60	63	61	50	50
Interest earned on pooled investments (\$000)	49,500	20,707	11,095	18,800	15,980
Service Quality:					
Efficiency:					
Program costs as a percentage of total financing proceeds (%)	0.08	0.04	0.05	0.13	0.10
Workload/Outputs:					
Development districts administered	1	2	2	2	2
Development district financings	0	1	0	3	3
Conduit financings	0	4	1	2	5
Master lease financings	0	0	3	3	2
Other debt or lease financings	3	8	9	6	5
Total proceeds from financings (\$millions)	299.6	776.6	782.4	379.9	539.9
County direct debt outstanding (\$millions) ^c	1,370.8	1,455.8	1,490.9	NA	NA
Inputs:					
Personnel expenditures (\$000) ^d	253	275	414	498	514
Workyears ^d	3.0	2.9	4.9	4.8	4.8

Notes:

^aAAA bond rating from Standard and Poor's and Fitch, Inc.; Aaa from Moody's Investor Service, Inc.

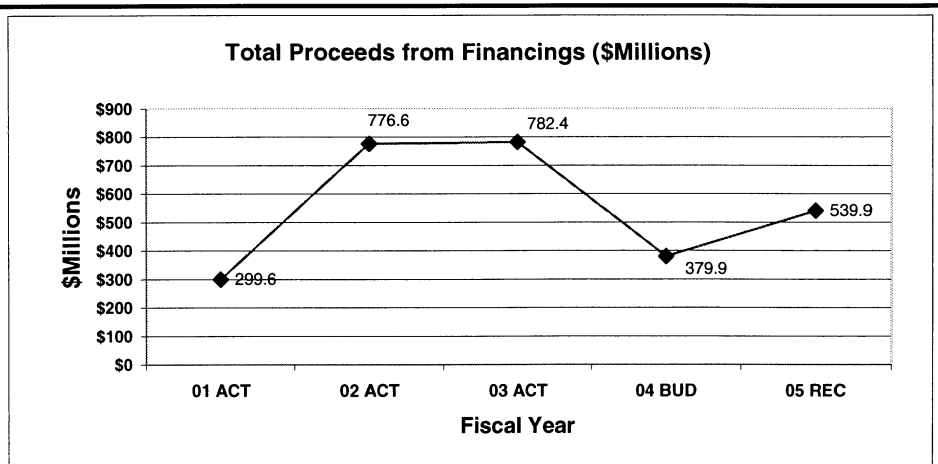
^b100 basis points is equal to 1 percent.

^cAs of June 30 of the fiscal year. Debt outstanding is difficult to estimate due to volatility in expected financing schedules.

^dOperating expenses are included under Administration. Expenditures and workyears for FY01 and FY02 were shifted from the Financial and Economic Analysis Program. The increase in FY03 reflects the merger of debt management with the cash management function transferred from Treasury Operations. FY01 - FY05 reflect budgeted workyears.

EXPLANATION:

The Debt and Cash Management Program manages the County's short-term working capital investment portfolio and arranges for the timely and cost effective issuance of short- and long-term debt. The ability to manage risk and maximize investment yield is paramount to this program. The ability to raise capital through short- and long-term financing for infrastructure and other public purposes - spreading the costs over the useful life of the infrastructure - is indicative of sound fiscal policy. The achievement of the AAA bond rating from the three major bond rating agencies ensures the lowest cost possible for the County's debt.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Office of Management and Budget; Office of the County Attorney; County Council and staff; program departments; bond counsel; financial advisors.

MAJOR RELATED PLANS AND GUIDELINES: Montgomery County Code; Approved Capital Improvements Program.

FINANCE

PROGRAM:

Property Taxes

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide for the timely, accurate, and complete calculation, processing, and distribution of tax bills; timely collection of delinquent accounts; and prompt, courteous, and accurate information and responses to inquiries by taxpayers, the real estate industry, and business entities

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY05 CE REC
Outcomes/Results:					
Percentage of taxable County properties sold at tax sale due to delinquent taxes	0.47	0.25	0.48	0.23	0.43
Service Quality:					
Average time on hold waiting for an operator when making a telephone inquiry (minutes) ^a	4.4	4.8	1.2	5.0	5.0
Efficiency:					
Property tax accounts billed per program workyear	24,161	23,592	23,732	24,014	30,531
Workload/Outputs:					
Property tax accounts billed (000)	331	335	337	341	345
Personal	30	30	30	30	30
Real	301	305	307	311	315
Solid Waste Systems Benefit Charge	301	305	307	311	315
Parking Districts	6	6	6	6	6
Washington Suburban Sanitary Commission	96	97	98	99	100
Municipalities	55	56	58	59	60
Property tax revenues - all funds (\$000)	846,585	880,740	933,557	985,405	1,087,494
Number of delinquent properties sold at tax sale	1,552	774	1,621	800	1,500
Operator-answered telephone inquiries (000) ^b	69	71	74	88	88
Inputs:					
Personnel expenditures (\$000) ^c	756	805	836	904	704
Workyears	13.7	14.2	14.2	14.2	11.3

Notes:

^aThese figures do not reflect the fact that callers may receive a busy signal or may choose to terminate the call if the waiting time is unacceptable to them. In FY03, additional resources (staff and temporaries) with more experience were directed towards customer service and responding to telephone inquiries, thus significantly reducing the waiting time.

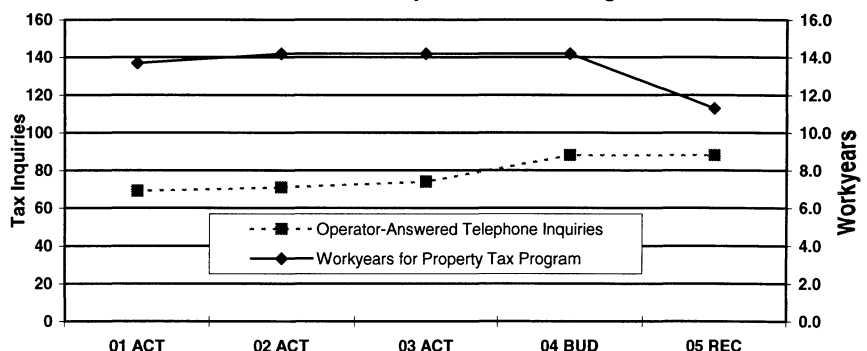
^bEnhanced Internet access to property tax information reduced the call volume beginning in FY01. In FY04, telephone inquiries were expected to increase by 19% from the FY03 actual, reflecting a proposed change in billing procedures. Council did not approve the proposal to discontinue mailing property tax bills to owners who pay their taxes through an escrow account. In FY05, the County Executive again recommends eliminating mailing duplicative tax bills to such owners.

^cOperating expenses are included under Administration. FY01 - FY05 reflect budgeted workyears.

EXPLANATION:

This program is designed to inform and educate taxpayers regarding their property tax obligations and the County's property tax system in a timely, effective manner. Automated systems such as Interactive Voice Response (IVR) and the County's Finance Department web page are expected to continue to reduce the number of calls received, but the length of calls is expected to increase. It is possible that those callers that continue to make telephone contact may have more complex issues and questions, whereas automated systems such as IVR and the web are handling less complex issues.

Trends in Tax Inquiries and Staffing



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: State Department of Assessments and Taxation, municipal districts, County taxpayers and businesses.

MAJOR RELATED PLANS AND GUIDELINES: